

banker, if the bankers' ring wanted a banker, and the president couldn't help himself; or, if not a banker technically, at any rate a bankers' satellite.

So there you have 27 bankers as directors of the National Reserve association, and only 19 independents, in a total directorate of 46—a clear majority of 7 for the bankers' ring at all times, with two-thirds "on call" and never difficult to get.

Yet the Record-Herald echoes the banker crowd and their satellites in assuring its confiding readers that the Aldrich plan, as now altered, "involves no 'domination' or concentration of power in bankers' hands!"

### III.

But the prospect as to control by bankers is really worse than we have outlined it above. Thus far we assume that the bankers would be (except for power to remove the governor of the central association) absolutely dependent upon powers given them directly. But that view is altogether too favorable. Their indirect powers would be enormous, if "needed in their business."

Readers "from Mizzoura"—and all readers ought to be "from Mizzoura" while this extraordinary measure is under consideration—will want to know why they should trust the 4 federal officials in the central directorate to be independent of the banking ring. Don't comptrollers of the currency and secretaries of the treasury pass out of office into banking service as gracefully as they go to dinner?

The man "from Mizzoura" will also want to know, as he ought to, why he should trust to the Spartan independence of any, or of all 15, of the non-financial directors whom bankers are to elect. Are bankers likely to elect outsiders whose financial interests are not sufficiently tangled up with their own to make them amenable to "safe and sane" advice wisely given?

And if "the man from Mizzoura" insists upon "being shown" he will find that the more he is shown the greater is the justification for his incredulity.

Among the additional reasons for incredulity the "man from Mizzoura" will find, if he interrogates the Aldrich bill as it now lies in congress—awaiting action by "the job session" next year, as Mr. Bryan intimates—some highly significant provisions. Observe that we take no account here of the uses, good or bad, to which the control of this gigantic organization may be put. This consideration we postpone to a further inquiry. At present we confine our inquiry exclusively to the question of whether or not that control, whatever the possibilities of its use, would be lodged with bankers.

(1) We have already shown control by bankers directly through an absolute majority in the central directorate if they want it, and further control indirectly if they resort to their influence as money lenders or credit brokers.

(2) An inspection of the pending bill will show that under no circumstances can any person or interest, public or private, invest in or hold, directly or indirectly, any shares of the National Reserve association, except national banks, state banks and trust companies (well known adjuncts of banks and participators in banking interests); and that the banks and trust companies may hold neither more nor less than an amount of such shares equal to 20 per cent of their paid in and unimpaired capital. A wise provision, we make no question, provided the organization itself is necessary or desirable; but a provision which strongly emphasizes the inference of control by bankers.

(3) Districts and branches in addition to the 15 fixed by the bill can be and may be created only by the directors of the central body; and so of readjustments of all districts, creation of new local associations, and readjustment of all local associations. Their power is absolute in this respect. In so far, then, as either public or private interest is concerned in this matter, the central board of directors, with its majority of bankers, could be dictatorial. This arrangement also may be very well regarded as necessary, provided the scheme itself is necessary or desirable. We raise no question here as to that. Our inquiry still rests upon the question of the power of bankers over the organization; and this clause also adds emphasis to the inference that bankers could control.

(4) The directors of branches are to be 12 in number, or more (in addition to ex-officio members), and one-half are to be elected by the constituent local associations, each of the local associations having for that purpose one vote for each branch director. The same local associations would vote in the ratio of the holdings by their respective constituent banks of shares in the central association, for one-third of the

directors of their respective branches. The remaining one-sixth of the branch directors would be chosen by the other five-sixths. This tagged-on sixth must "fairly represent the agricultural, commercial, industrial and other interests of the districts and shall not be officers, nor, while serving, directors of banks, trust companies, insurance companies or other financial institutions." Ex-officio memberships in the branch association would be created and their incumbents elected by the other directors, except that the branch manager must be one of these and chairman of the board. The manner of filling vacancies is to be determined by the central body. There doesn't appear to be anything here to weaken the inference of control by bankers.

(5) The directors of the local associations, composed of banks holding shares in the central association, are elected by those banks—three-fifths by one vote from each bank for each director and two-fifths in the ratio of holdings of shares by the banks respectively in the central association. Still unimpaired seems to be the inference of control by bankers.

Were we to turn, then, to the official report of the monetary commission which recommends this measure and of which Senator Aldrich is chairman, we might hope to find some explanation or excuse for the benefit of "the man from Mizzoura," of the wisdom or the necessity for lodging the powers of this great corporation, whatever those powers may prove to be, so completely in the control of bankers.

But we should be disappointed. The incredulity of "the man from Mizzoura" would hardly be allayed. There is nothing in this report to "show him," if his incredulity has any civic sense back of it.

Among the arguments of the report in favor of the plan as now submitted to congress, the only one of moment in so far as the plan relates to control by bankers (the point we are now exclusively considering), is a well guarded implication that the plan is "democratic!"

Why democratic and how?

Because the associations are grouped in analogy to the county, state and national groupings of our political system; because "the individual bank is the voting unit" in the local associations; because a majority of banks elect three-fifths of the directors of local associations, and a majority in stock interest elect the rest; because, "the source of authority" of the central body being "democratic and not autocratic," the central body "instead of overshadowing banks" is "their representative." So reads the report.

If this is democracy, it is democracy of that intra-financial kind which is more commonly known as plutocracy. But be it democratic or not, in that sense, bankers themselves must judge. It is a question for them, and concerns the general public not at all—unless the system is to have jurisdiction and power over public affairs. One might as well discuss the democracy that is said to prevail in Masonic lodges, if the system is to have no cinch upon public interests. The question of control whether in Masonry by Masons or in banking organizations by bankers, is without public concern unless power over the public is involved. Instantly thereupon, however, the question of control looms up. If Masonry were to be given power over public affairs, it would not be enough to be assured that Masonry is "democratic" among Masons; it must be democratic in respect of all concerned. And isn't the same thing true of banking? To say that an organization of bankers to be given power over public interests is "democratic" because banks are federalized among themselves, or because individual banks are the voting units, or because the central body represents banks instead of overshadowing them, is to trifle with public interests in a play upon words.

If the Aldrich scheme is in fact to give power over public affairs to a private profit-making corporation, that organization can not safely be entrusted to the control of bankers as a class.

And that a power over public affairs is in fact involved, the report of the monetary commission quite clearly discloses. But this question we reserve for consideration later. The question in hand, the only question we are now considering, is whether the organization proposed by the Aldrich bill would be under the control of bankers; and that it would be absolutely so, seems incontrovertible.

As now drawn and pending before congress, the bill of the Aldrich monetary commission would, beyond all reasonable grounds for dispute, place the National Reserve association completely within the control of a bankers' ring. Or, lest "ring" seem unparliamentary, we hasten

to substitute the phrasing of the monetary commission's report—"a co-operative union of all the banks of the country."

Whatever else it may be, for good or bad, the pending bill to incorporate the National Reserve association and to give it for fifty years vested rights in law to all the privileges directly or indirectly conferred by its proposed charter, whatever those privileges may turn out to be, is to make of that association an association of bankers. Senator Aldrich was thus far right in his Chicago speech, whether his tongue slipped or not, when he characterized it as an organization "of bankers and for bankers."

### DEMOCRATIC CONVENTIONS

A Hutchinson, Kan., dispatch, carried by the Associated Press says: Clark supporters in the democratic state convention won the first fight, indicating the relative strength of the Clark and Wilson forces, when Judge A. M. Jackson of Winfield was elected temporary chairman of the convention over F. M. Pearl of Hiawatha, by the state committee. The vote stood: Jackson 45, Pearl 34. Jackson is a staunch Clark man while Pearl had the concentrated strength of the Wilson forces.

W. H. L. Pepperell of Concordia was named temporary secretary. Jackson and Pepperell probably also will be the permanent officers of the convention.

B. J. Sheridan of Paola, who is looking after Mr. Clark's interest, issued a statement saying the speaker would control the organization of the convention, the convention itself and that the delegates to Baltimore would be bound to vote for the speaker until he was nominated. To a suggestion from Wilson supporters that an uninstructed delegation be chosen, thus avoiding a fight, Mr. Sheridan was emphatic in declaring the Clark men would insist on instructions.

"We've fought the fight in Kansas," Sheridan said; "now let us see who is the better man, Clark or Wilson. The issue must be met on the convention floor and I am confident of the result."

Taylor Riddle, of Marion, who is leading the fight for Governor Wilson issued the following statement:

"With all counties but six heard from the contest between the Clark and Wilson forces will be very close. If those should break over, it would give the Wilson forces sufficient majority to elect the four delegates-at-large. Our reports on congressional districts give Wilson five and Clark three. This would make fourteen delegates for Wilson and six for Clark."

Finally the state convention instructed the delegation to vote for Clark in the national convention as long as he was in the field and until two-thirds of the delegation were in favor of voting for someone else. Then they were to vote for Wilson as long as he was in the field and until two-thirds of the delegation were in favor of voting for someone else. This means Clark first choice and Wilson second choice.

### DEMOCRATIC DATES

Democratic primaries or conventions will be held as follows:

March 26—Primaries for New York.  
April 2—Primaries for Wisconsin.  
April 9—Primaries for Illinois.  
April 12—New York democratic state convention.  
April 13—Primaries for Pennsylvania.  
April 17—Illinois congressional district conventions.  
April 19—Primaries for Nebraska.  
April 19—Primaries for Oregon.  
April 27—Primaries for Tennessee.  
April 29—Colorado democratic state convention.  
April 30—Primaries for Florida.  
May 1—Connecticut state convention.  
May 9—Iowa state convention.  
May 14—California primaries.  
May 28—Primaries for New Jersey.  
June 4—Primaries for South Dakota.

### SHAFROTH'S GOOD NAME

The Milwaukee Sentinel says that Governor Shafroth "is almost as well known as Ebenezer Hogwash, the leading citizen of Pumpkin Corner." The readers of the Sentinel are to be pitied if its editor does not know Governor Shafroth's official record. He has been in public life for nearly twenty years—first as congressman and then as governor. Poor, ignorant editor. There may be pecuniary advantages in having one's face glued to Wall street, but it has its drawbacks.